



A-76 Cost Comparison Program

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A-76 Cost Comparison Overview

- Outsourcing vs Privatization
 - Outsourcing
 - Privatization
- Outsourcing & Privatization Goals
- Definitions
- Cost comparison process
- Key Players
- Examples of what is being studied
- Contracting Method Options



Outsourcing Vs. Privatization

Outsourcing - the Government retains ownership & control over operations of the activity through surveillance of the contract. The primary method of outsourcing activities is through cost comparison procedures designed to determine the most efficient & cost effective operation.



Outsourcing Vs. Privatization continued

Privatization - differs from outsourcing in that the Government divests itself of a commercial activity and purchases goods and services from commercial sources. The Government may specify quality, quantity, and timeliness requirements for purchased goods and services; however, it has no control over the operations of the activity.



Outsourcing Vs. Privatization Goals

- Sustain readiness
- Improve the performance, quality, efficiency,
and cost effectiveness of Air Force activities.
- Generate savings for force modernization
- Focus personnel and resources on core activities



OMB Circular A-76 Objective

- Maximize the efficient expenditure of taxpayers' money
- Rely on competitive private enterprise to provide commercial services



Overview

- Nominate activities for cost comparison or direct conversion
- Congressional notification
- Announcement
- PWS - Management Plan - Solicitation
- Cost Comparison
- Decision
- Public Review Period
- Implementation or Contract Award



Cost Comparison Process

“...the process of developing an estimate of the cost of performance of a CA by AF civilian employees and comparing it to...contract performance.”



Specific Activities to Retain In-house

- National Defense (e.g. combat readiness)
- Legislative restriction
- No satisfactory commercial source available
- Patient care
- Unacceptable delay or disruption to an essential DoD program



Definitions

- 3 Elements of a Cost Comparison Study
 - Development of Performance Work Statement (PWS)
 - Most Efficient Organization (MEO)
 - Cost Comparison



Definitions

- **Performance Work Statement (PWS)** - A statement of the technical, functional and performance characteristics of the work to be performed; serves as the scope of the work and is the basis for all costs entered on the cost comparison form
- **Most Efficient Organization (MEO)** - The Government's in-house organization to perform a commercial activity; it is the basis for government costs entered on the cost comparison form



Definitions

Cost Comparison - Process whereby the estimated cost of government performance of a commercial activity is formally compared, IAW the principles and procedures of OMBC A-76 and supplements, to the cost of performance by commercial or Inter Service Support Agreement (ISSA) sources.



Inherently Governmental Function

- "...a function which is so intimately related to the public interest as to mandate performance by Government employees."
- The act of governing & discretionary authority
- Monetary transactions and entitlements



The Act of Governing

- Command & control
- Conducting foreign relations
- Regulating industry and commerce
- Regulating the use of space, oceans, other natural resources
- Awarding contracts
- Legal decision



Monetary Transactions

- Tax collection and revenue disbursement
- Public treasury
- Accounts and money supply



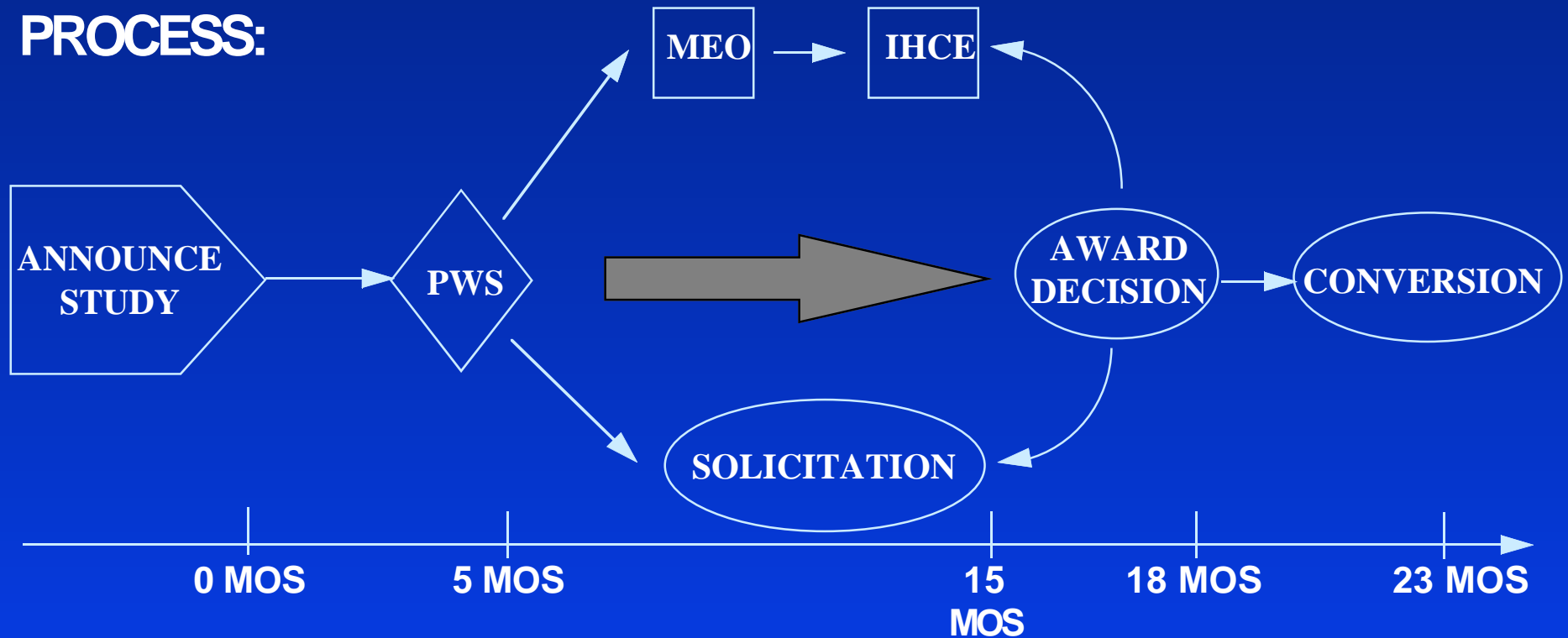
Commercial Activity

“...service which can be obtained from a commercial source.”



A-76 Cost Comparison Studies

PROCESS:



PWS - PERFORMANCE WORK STATEMENT
MEO - MOST EFFICIENT ORGANIZATION
IHCE - IN HOUSE COST ESTIMATE

 INDICATES PROCESSES CAN RUN CONCURRENTLY



Key Players

- Functional Managers
- Manpower/Contracting
- Financial Manager
- Civilian/Military Personnel
- Judge Advocate
- Chain of Command



Examples of What is Being Studied

- Base Operating Support Functions:
 - Grounds Maintenance
 - Civil Engineering Maintenance/Repair
 - Supply
 - Transportation
 - Mail Services
 - Education and Training
 - Telecommunications



Air Force In-Progress CA Initiatives

- Acquisition Security
- Admin Switchboard
- Admin Tele Pbx
- Admin Support
- Arcft Maint.
- Airfield Mgmt
- Airfield Ops & Wthr
- Animal Caretaking
- Audiovisual
- Base Op Support
- Base Supply
- BOS & Backshop
- Arcft Main
- CE
- Comm O & M
- Communications
- Control Tower Ops
- Data Automation
- Education Services
- Food Services



Air Force In-Progress CA Initiatives, continued

- General Library
- Grounds Maint
- Heating Systems
- Hospital Heating Plants
- Hospital Maint
- Laundry
- Library
- Mess Attendants
- Meteor Equip Maint
- MFHM
- Misc Services
- Packing & Crating
- PMEL
- Power Production
- Protective Coating
- Pubs Distr Office
- Recreational Support
- Tech Trng Ctr Eq Maint
- Trans Acft Maint/ Age
- Transient Acft Maint



Air Force In-Progress CA Initiatives, continued

- Vehicle O & M
- Weather Services

- Also by Command

ACC

AET

AFE

AFR

AMC

ESW

MTC

NGM

PAF



Contracting Method Options



Direct Conversion Procedures

- Eligibility criteria
- Establishing the cost of current operations
 - Must include the cost of the UMD authorized positions
- Market analysis and cost effectiveness determination
- Options: (1) convert to contract, (2) retain in-house, (3) schedule for cost comparison



Two Step Sealed Bid

- Step 1
 - Technical proposals only
 - Resembles negotiated procedures
- Step 2
 - Sealed bids only
 - Award to low, responsible offeror



Negotiated Procedures

- Negotiated procedures
 - Government offer not opened until SSA decides industry winner
 - Once industry winner selected, the Government offer is opened and the CCG is completed
 - A tentative decision is announced



Negotiated Procedures, continued

- Best Value Procedures

 - Submission of Management Plan,
Government cost estimate and
technical performance plan

 - After industry decision, SSA
reviews Government technical
performance plan

 - evaluation criteria (Section M)
established best value *baseline*



Negotiated Procedures, continued

- Best Value Procedures continued

Once SSA determines the two parties offer the “same level of performance & performance quality” the Government’s in-house estimate is revised, if required

IRO review

CCF completed

Tentative decision announced



Sealed Bid or Negotiations

- Government Mgmt Plan & Tech Performance Plan, as required, due at same time as offerors' bids or proposals
- Inflation factors current as of cost comparison date
- One bid or proposal is selected for comparison against the Government in-house estimate